

Message Text

CONFIDENTIAL

PAGE 01 JAKART 09507 01 OF 02 141124Z
ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
EB-08 COME-00 AID-05 TRSE-00 OMB-01 AGR-01 XMB-02
STR-07 /090 W
-----017860 141215Z /11

P 140907Z JUL 78
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC PRIORITY 175

C O N F I D E N T I A L SECTION 1 OF 2 JAKARTA 9507

PASS TO AID ADMINISTRATOR

E.O. 11652: GDS
TAGS: EOFN, EFIN, EAID, EAGR, ID
SUBJECT: ECONOMIC MINISTER WIDJOJO'S COMMENTS ON PL 480 TITLE III,
ASEAN TALKS, UNTYING JAPANESE AID AND COMMERCIAL MATTERS

REF: (A) STATE 172361, (B) STATE 167743

SUMMARY: IN ANTICIPATION MY DEPARTURE TOMORROW, I CALLED
ON WIDJOJO ON JULY 14 ACCOMPANIED BY USAID DIRECTOR, TO REVIEW
WITH HIM STATUS OF PL 480 TITLE III PROPOSAL, PLANNING FOR
UPCOMING ASEAN TALKS, UNTYING JAPANESE AID AND SEVERAL COMMERCIAL
MATTERS. WIDJOJO SAID OUR POSITION ON TITLE III WAS AT SUCH
VARIANCE WITH POSITION VP MONDALE HAD CONVEYED TO PRESIDENT
SUHARTO THAT IT WOULD BE UNWISE TO CONVEY US POSITION TO
SUHARTO UNTIL SUBJECT HAD BEEN RECONSIDERED IN WASHINGTON.
RE AEAN TALKS, WE APPEAR TO HAVE CLEAR AND QUITE SATISFACTORY
UNDERSTANDING WITH GOI AS TO PURPOSE AND PROSPECTS OF AUGUST
TALKS. AS FOR UNTYING JAPANESE AID, WIDJOJO INDICATED
ASEAN COUNTRIES FLEARLY EXPECT ASEAN INDUSTRIAL PROJECTS WILL
BE UNTIED AND APPEARED RECEPTIVE TO IDEA OF GOI INITIATIVE TO
SEEK UNTYING OF JAPANESE BILATERAL AID. END SUMMARY.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JAKART 09507 01 OF 02 141124Z

2. TITLE III PL 480. IN DESCRIBING WHERE WE ARE IN PLANNING
FOR A TITLE III PROGRAM AND FOLLOW-UP TO MONDALE-SUHARTO
DISCUSSION OF TITLE III, I FOLLOWED CLOSELY GUIDANCE CONTAINED
REF A. I EXPLAINED REASON WHY WE BELIEVED IT PREFERABLE TO
USE FY 79 AS A TRANSITIONAL YEAR IN WHICH WE WOULD GEAR UP
FOR TITLE III BUT WOULD CONTINUE TO HANDLE PL 480 COMMODITIES
UNDER TITLES I AND II AS AT PRESENT. I STRESSED THAT WE WERE

NOT BACKING AWAY FROM THE COMMITMENT MADE BY VP MONDALE IN JAKARTA AND SUGGESTED THE GOI-US WORKING GROUP MEET SOON TO BEGIN PREPARATIONS FOR A MUTUALLY ACCEPTABLE TITLE III PROGRAM IN FY 80. I EXPLAINED THAT US POLICIES AND LEGISLATIVE INTENT CALLED FOR GREATER DEVELOPMENT "ADDITIONALITY" THAN WAS CONTAINED IN THE US MISSION PROPOSAL TO APPLY COUNTERPART FUNDS TO AID-SUPPORTED RURAL DEVELOPMENT PROJECTS AS DISCUSSED WITH HIM PRIOR TO AND AT IGGI MEETING. I EXPRESSED CONFIDENCE THAT IT WOULD BE POSSIBLE TO PRODUCE AN ACCEPTABLE TITLE III PROPOSAL FOLLOWING STUDY OF THE WORLD BANK REPORTS NOW IN PREPARATION AND COMPLETION OF THE GOI'S OWN THIRD FIVE-YEAR

PLAN LATER THIS YEAR. DISCUSSION BROUGHT OUT THAT WE HOPED TITLE III WOULD BE USED TO SUPPORT ANY ADJUSTMENTS IN AGRICULTURAL POLICIES WHICH MIGHT BE INDICATED FROM THESE PENDING STUDIES AND PLANS. WIDJOJO INQUIRED IF THERE ARE ANY PRECEDENTS FOR TITLE III PROGRAMS IN OTHER COUNTRIES. I MENTIONED AGREEMENT HAD BEEN AUTHORIZED RECENTLY FOR BANGLADESH AND BOLIVIA.

2. WIDJOJO LISTENED INTENTLY TO THIS EXPLANATION AND I AM SATISFIED HAS GOOD UNDERSTANDING OF OUR POSITION. HE REPLIED THAT OUR POSITION RAISED SERIOUS PROBLEMS SINCE IT WAS AT VARIANCE WITH THE MONDALE-SUHARTO DISCUSSION OF TITLE III AND THEIR AGREEMENT TO PROCEED WITH EARLY AGREEMENT. HE DESCRIBED THAT AGREEMENT AS CALLING FOR RELATIVELY SIMPLE CHANGES TO CURRENT

CONFIDENTIAL

PAGE 03 JAKART 09507 01 OF 02 141124Z

PRACTICES EXCEPT FOR AGREEMENT TO USE COUNTERPART FUNDS FOR RURAL DEVELOPMENT PROJECTS. HE SAID HE WOULD NOT LIKE TO REPORT OUR POSITION TO THE PRESIDENT AND EXPRESSED HOPE THIS WOULD NOT BE NECESSARY AS HE WAS SURE THERE WOULD BE A VERY UNFAVORABLE REACTION. HE ASKED IF I WOULD TAKE THIS MATTER UP IN WASHINGTON TO SEE IF A WAY COULD NOT BE FOUND TO START A PROGRAM IN FY 79. IN THE MEANTIME, HE SUGGESTED THERE BE NO DISCUSSION WITH OTHERS IN HIS GOVERNMENT OF THIS PROBLEM. HE DID NOT WANT SUHARTO TO GET WORD OF IT UNTIL WE HAD CONSIDERED THE MATTER FURTHER.

3. I AGREED TO ASK FOR A REVIEW OF OUR POSITION IN WASHINGTON BUT DID NOT SPECULATE AS TO PROSPECTS OTHER THAN OBSERVE THAT LIMITED TITLE II PROGRAM LAUNCHED IN FY 79 MIGHT PERMIT TRANSITION TO LARGER TITLE III PROGRAM LATER. WIDJOJO FIRMLY SAID HE FELT AT LEAST SOME PROGRESS ON TITLE III NOW WAS VERY IMPORTANT IN VIEW OF A SHIFT TO TITLE III PROGRAMS HAVING BEEN AGREED BETWEEN VP MONDALE AND SUHARTO. HE STRESSED THAT SUHARTO AND OTHERS WOULD HAVE DIFFICULTY UNDERSTANDING WHY WE COULD NOT PROCEED ALONG LINES SUHARTO AND THE VICE PRESIDENT HAD DISCUSSED.

4. COMMENT: WIDJOJO'S STRONG AND SOMEWHAT SURPRISING REACTION RAISES REAL PROBLEMS FOR US. OBVIOUSLY, THE VICE PRESIDENT'S VISIT AND OTHER EFFORTS HAVE CONVINCED TOP LEVEL INDONESIANS OF THE ADVANTAGES OF TITLE III. I BELIEVE IT ESSENTIAL THAT WE REOPEN THIS ISSUE AND DO EVERYTHING POSSIBLE TO INITIATE AT LEAST A MODEST PROGRAM IN FY 79 ON TERMS WHICH ARE ACCEPTABLE.

5. ASEAN TALKS. I EXPLAINED TO WIDJOJO THAT WE HAD HEARD SOME OFFICIALS IN ASEAN COUNTRIES WERE OF OPINION NOT MUCH COULD BE EXPECTED FROM AUGUST MINISTERIAL TALKS IN WASHINGTON AND THAT I WISHED TO ALLAY SUCH FEARS. I SAID USG WAS MAKING A SERIOUS EFFORT AND DOING ALL WE COULD TO MAKE THE TALKS A SUCCESS SO THAT THERE NEED BE NO FEAR OF DISAPPOINTING AFTERMATH. I BRIEFED HIM ALONG LINES OF STATE 164743 ON AREAS
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 JAKART 09507 01 OF 02 141124Z

IN WHICH WE WERE CONFIDENT SIGNIFICANT PROGRESS COULD BE MADE: DEVELOPMENT COOPERATION, AND TRADE INVESTMENT. AS FOR FORMER, THERE ARE PROMISING AREAS FOR COOPERATION IN AGRICULTURE, ENVIROMENTAL MATTERS, AND ENERGY AND OTHERS. ON TRADE AND INVESTMENT, I SAID I EXPECTED US TO HAVE SIGNIFICANT OFFERS AND PROPOSALS. AT SAME TIME I NOTED WE WOULD NOT BE TALKING ABOUT LARGE-SCALE AID PROJECTS, AND WIDJOJO SAID HE FULLY UNDERSTOOD THIS TO BE THE CASE.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 JAKART 09507 02 OF 02 150630Z
ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
EB-08 COME-00 AID-05 TRSE-00 OMB-01 AGRE-00 XMB-02
STR-07 /089 W

-----038009 150632Z /11/50

P 140907Z JUL 78
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC PRIORITY 176

C O N F I D E N T I A L SECTION 2 OF 2 JAKARTA 9507

C O R R E C T E D C O P Y (ADDING PORTION OF PARA 6 AND PARA 7,

AND 8)

PASS TO AID ADMINISTRATOR

6. WIDJOJO SAID HE WAS NOT SURPRISED WE WOULD HEAR DIFFERENT REPORTS AS TO VIEWS OF ASEAN COUNTRIES AND THAT INDEED THERE WERE DIFFERENT VIEWS WITHIN GOVERNMENTS AND AMONG THOSE OFFICIALS ATTENDING DIFFERENT MEETINGS. HE SAID INDONESIA HAD NO "DREAMS" THAT WE WOULD FOLLOW THE JAPANESE EXAMPLE AND OFFER ONE BILLION DOLLARS FOR PROJECTS. ASEAN DIDN'T NEED THIS ANYHOW SINCE THE JAPANESE COMMITMENT WAS BEING DRAWN DOWN SLOWLY. HE SAID INDONESIA WAS PARTICULARLY CONCERNED AS TO EVOLVING US POLICY ON COMMODITIES WHICH WOULD HAVE IMPORTANT IMPACT ON SEVERAL ASEAN COUNTRIES. HE SAID HE RECOGNIZED THE US COULD NOT NEGOTIATE BILATERALLY WITH ASEAN ON COMMODITIES AND THAT THE IMPORTANT THING WAS THAT THE US POSITION IN THE FINAL ANALYSIS TURNS OUT TO BE ONE OF UNDERSTANDING AND BE PROGRESSIVE.

7. UNTYING JAPANESE AID. I EXPLAINED THAT THE GOJ HAD INFORMED US IT WAS PREPARED TO UNTIE ITS AID IF THE RECEIVING COUNTRY MADE SUCH A REQUEST. I POINTED OUT THIS SHOULD BE IN INTEREST OF BOTH USG AND GOI. WIDJOJO AGREED AND I CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JAKART 09507 02 OF 02 150630Z

WOULD EXPECT THE GOI TO SEEK UNTYING. HE SAID THE ASEAN COUNTRIES CERTAINLY UNDERSTOOD THAT THE ASEAN INDUSTRIAL PROJECTS TO BE ASSISTED BY JAPAN WOULD BE FULLY UNTIED.

8. EQUIPMENT FOR TRANSMIGRATION PROGRAM. I SAID WE UNDERSTOOD THE GOI WOULD BE PURCHASING A LARGE VOLUME OF HEAVY CONSTRUCTION EQUIPMENT FOR THE TRANSMIGRATION PROGRAM AND THAT US EQUIPMENT SUPPLIERS WERE ANXIOUS TO BE ABLE TO COMPETE FOR THE BUSINESS. WIDJOJO SAID THE GOI DID NOT PLAN TO BUY THIS EQUIPMENT ITSELF BUT IT WOULD BE PROVIDED BY THE CONSTRUCTION CONTRACTORS THEMSELVES WHO WOULD EITHER PURCHASE OR LEASE THE EQUIPMENT FROM SUPPLIERS. WE WILL FOLLOW UP ON THIS HERE. THE TOTAL EQUIPMENT INVOLVED COULD RUN TO SEVERAL HUNDRED MILLION DOLLARS.
MASTERS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PL 480 TITLE 3
Control Number: n/a
Copy: SINGLE
Draft Date: 14 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978JAKART09507
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780289-0088
Format: TEL
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780760/aaaabyhq.tel
Line Count: 214
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 810f9e73-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 172361, 78 STATE 167743
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2009154
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC MINISTER WIDJOJO'S COMMENTS ON PL 480 TITLE III, ASEAN TALKS, UNTYING JAPANESE AID AND COMMERCIAL MATTERS
TAGS: EINV, EFIN, EAID, EAGR, ID
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/810f9e73-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014